

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02  
CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-01 L-03  
NSC-05 PA-01 PRS-01 SS-15 (ISO) W  
-----290619Z 106204 /70

R 281430Z JAN 77  
FM AMEMBASSY LA PAZ  
TO SECSTATE WASHDC 3931  
INFO AMEMBASSY BOGOTA  
AMEMBASSY CARACAS  
AMEMBASSY LIMA  
AMEMBASSY QUITO  
AMEMBASSY SANTIAGO

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E.O. 11652: N/A  
TAGS: ECON, BL  
SUBJ: ANDEAN PACT JUNTA GREETED BY CRITICISM IN LA PAZ

1. THE ANDEAN PACT JUNTA ARRIVED IN LA PAZ JANUARY 25 TO A CHORUS OF BOOS FROM ALL QUARTERS. MOST PRESS EDITORIALS THE FOLLOWING DAY QUESTIONED THE NEED FOR BOLIVIA TO REMAIN IN THE PACT AND BOLIVIA'S CONFEDERATION OF PRIVATE BUSINESSMEN REFUSED TO PARTICIPATE IN MEETINGS WITH THE JUNTA BECAUSE, AS ITS PRESIDENT JORGE LONSDALE TOLD THE PRESS, QUOTE: WE DON'T BELIEVE THEIR PROMISES ANYMORE UNQUOTE. FUEL WAS ADDED TO THE FUROR BY THE ANNOUNCEMENT A FEW DAYS EARLIER OF THE PLANNED CLOSING OF A BOLIVIAN FIRM ASSEMBLING OILWELL DRILLING BITS (COMPANIA ANDINA DE TRICONOS, A JOINT VENTURE WITH DRESSER INDUSTRIES OF THE U.S.) UNDER A PACT ASSIGNMENT. THE COMPANY HAD BEEN UNABLE TO SELL ANY DRILL BITS TO OTHER ANDEAN MEMBERS. THIS LEAVES ATLAS COPCO, A SWEDISH FIRM MANUFACTURING AIR  
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COMPRESSORS AND MINING EQUIPMENT, THE ONLY FIRM IN BOLIVIA OPERATING UNDER A PACT ASSIGNMENT.

2. JUNTA PRESIDENT GENERAL LUIS BARANDARIAN ACKNOWLEDGED TO THE PRESS ON ARRIVAL THAT BOLIVIA HAD RECEIVED THE LEAST BENEFITS FROM THE ANDEAN PACT AND THAT HE HAD BROUGHT A QUOTE PLAN OF SUPPORT UNQUOTE

FOR BOLIVIA. THE JUNTA MET JANUARY 27 WITH BOLIVIA'S NATIONAL PLANNING COUNCIL (CONEPLAN) AND THE GOB PLANNING MINISTER, GENERAL JUAN LECHIN, ACCORDING TO PRESS REPORTS,SPOKE STRONGLY ABOUT BOLIVIA'S DISENCHANTMENT WITH THE POOR ECONOMIC RESULTS OF THE PACT AND GAVE THE JUNTA A 13 PAGE DOCUMENT STATING THE BOLIVIAN POSITION. AGAIN ACCORDING TO THE PRESS, LECHIN STRESSED THE NEED FOR PACT ASSIGNMENTS TO LEAD TO INTEGRATED INDUSTRIAL DEVELOPMENT, THE FAILURE OF OTHER MEMBERS TO LIVE UP TO THEIR COMMITMENTS, AND HE CALLED FOR ESTABLISHMENT OF A CONSULTATIVE GROUP TO STUDY BOLIVIA'S SPECIAL PROBLEMS WITHIN THE PACT. LECHIN REFERRED TO THE JUNTA'S AUTOMOBILE ASSIGNMENT PROPOSAL AS A CLEAR EXAMPLE OF DISTORTION, SINCE THE PROGRAM WAS FORMULATED WITHOUT TAKING BOLIVIA'S SPECIAL DEVELOPMENT NEEDS INTO ACCOUNT.

3. COMMENT. A FINANCE MINISTRY SUB-SECRETARY TOLD AN EMBOFF THE MEETING WITH THE JUNTA WAS A DISASTER AND THEIR "PLAN OF SUPPORT" WAS WORTHLESS. PRESSURE FROM ECONOMIC SECTORS FOR BOLIVIA TO WITHDRAW FROM THE PACT HAVE REACHED A NEW HIGH,BUT WITHDRAWAL IS A POLITICAL DECISION AND THE GOB IS LIKELY TO VIEW IT IN THAT CONTEXT RATHER THAN FROM THE TECHNICAL ECONOMIC VIEWPOINT WHICH THE JUNTA REPRESENTS. HOWEVER INFLUENTIAL GOB OFFICIALS ARE BEGINNING TO ASK ALOUD WHETHER THE POLITICAL BENEFITS OUTWEIGH THE ECONOMIC COSTS OF REMAINING IN THE ANDEAN PACT. END COMMENT.

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## Message Attributes

**Automatic Decaptioning:** X  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**TAGS:** ECON, PORG, ETRD, BL, ANDEAN PACT  
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**Type:** TE  
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**Review Markings:**  
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